



JAMES A. NOYES, Director

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

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IN REPLY PLEASE
REFER TO FILE: **W-0**

August 22, 2002

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**PUBLIC HEARING FOR A WATER RATE INCREASE, EMERGENCY FACILITIES
REPAIR SURCHARGE, AND TANK RECOATING CHARGE FOR
LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 21, KAGEL CANYON
AND LOAN FROM LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 40,
ANTELOPE VALLEY, TO LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 21,
KAGEL CANYON
SUPERVISORIAL DISTRICT 5
4 VOTES**

IT IS RECOMMENDED THAT YOUR BOARD:

As the governing body of the Los Angeles County Waterworks District No. 21, Kagel Canyon:

1. Set a date for a public hearing to consider: (a) two 9 percent water rate increases beginning, respectively (for the first increase), upon the effective date of this ordinance and (for the second increase) on July 3, 2003; (b) an Emergency Facilities Repair Surcharge of \$15 per month per metered connection to be collected during a 12-month period beginning in Fiscal Year 2002-03; and (c) a Tank Recoating Charge of \$8.40 per month per metered connection to be collected during a 10-year term for interior recoating and associated repairs of two water storage reservoirs.

2. Instruct the Executive Officer to advertise, in English and Spanish, the enclosed legal Notice of Public Hearing for said rate increases and charges in accordance with Sections 6066 and 54986 of the Government Code.

AFTER THE PUBLIC HEARING, IT IS RECOMMENDED THAT YOUR BOARD:

As the governing body of the Los Angeles County Waterworks District Nos. 21, Kagel Canyon, and 40, Antelope Valley:

1. Authorize a 10-year loan of \$200,000 from the Los Angeles County Waterworks District No. 40, Antelope Valley, Accumulative Capital Outlay (ACO) Fund N64, to the Los Angeles County Waterworks District No. 21, Kagel Canyon, ACO Fund N19, to provide funding for interior recoating and associated repairs for two water storage reservoirs.
2. Approve the enclosed budget adjustment to transfer \$200,000 from the Los Angeles County Waterworks District No. 40, Antelope Valley, ACO Fund N64, to the Los Angeles County Waterworks District No. 21, Kagel Canyon, ACO Fund N19.
3. Approve: (a) two 9 percent water rate increases beginning, respectively (for the first increase), upon the effective date of this ordinance and (for the second increase) on July 3, 2003; (b) an Emergency Facilities Repair Surcharge of \$15 per month per metered connection, to be collected during a 12-month period beginning in Fiscal Year 2002-03, for Los Angeles County Waterworks District No. 21, Kagel Canyon, General Fund N18; and (c) a Tank Recoating Charge of \$8.40 per month per metered connection for repayment of the loan for Los Angeles County Waterworks District No. 21, Kagel Canyon, ACO Fund N19.
4. Find that the proposed Ordinance amending the Rules and Regulations of the Los Angeles County Waterworks Districts is to fund operating expenses and capital projects to maintain services in existing service areas and is, therefore, exempt from the California Environmental Quality Act pursuant to Section 21080(b)(8) of the Public Resources Code.
5. Adopt the proposed Ordinance amending the Rules and Regulations of the Los Angeles County Waterworks Districts.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The two 9 percent increases in water rates will provide necessary funds to offset increases in operating expenses of the Los Angeles County Waterworks District No. 21, Kagel Canyon, General Fund N18. The increased costs are principally due to expenses for electricity and purchased water from the City of Los Angeles Department of Water and Power.

The Emergency Facilities Repair Surcharge will provide approximately \$45,000 in funding for emergency repairs, which are likely to be required by the District's aged water system. During the past six years, emergency water main repair expenses have totaled \$133,500, significantly depleting the District's contingency funds.

Interior recoating and associated repairs of the District's two water storage reservoirs are necessary to meet regulatory requirements and maintain the facilities in effective operating condition. Because of the District's limited funds, the \$200,000 loan is proposed to finance the project. The loan will be repaid with interest over a 10-year period from the proceeds of the proposed Tank Recoating Charge of \$8.40 per month per customer.

On May 1, 2002, we met with the Kagel Canyon Water Advisory Committee to discuss the proposed increases and charges. A District-sponsored public information meeting was held on June 6, 2002, to explain the need for the rate increases, the Emergency Facilities Repair Surcharge, and Tank Recoating Charge. Notices were sent to all customers in the District. Twenty-five people attended the meeting. There was no opposition to the proposal at the meeting. We have received one letter in opposition to the rate increases.

Implementation of Strategic Plan Goals

This action is consistent with the County Strategic Plan Goal of Financial Responsibility and Service Excellence. The additional funding will provide sufficient funds for the operation and maintenance of the District, response to water system emergencies, and essential interior recoating of the District's two water reservoirs. These actions will provide needed services and protection for the health and safety of the District's customers.

FISCAL IMPACT/FINANCING

There will be no impact to the County's General Fund.

These actions will generate additional annual revenue of approximately \$23,000 for the operation and maintenance of the District, approximately \$45,000 in funding for future emergency repair work, and repay the \$200,000 loan over a 10-year period.

Pursuant to Section 55503 of the Water Code, a Waterworks District may borrow funds from another Waterworks District. The amount cannot exceed 85 percent of the borrowing Waterworks District's anticipated revenues for the fiscal year in which the funds are borrowed or for the next fiscal year. The \$200,000 does not exceed the borrowing limit of the District. Sufficient funds are available in the Fiscal Year 2002-03 Los Angeles County Waterworks District No. 40 ACO Fund N64 to finance the loan.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Increasing the water rates and establishing the Emergency Facilities Repair Surcharge and Tank Recoating Charge is authorized by Government Code Section 54985 et. seq.

Adoption of this Ordinance will authorize the Director of Public Works or his designee to revise the District's Rules and Regulations in accordance with Division 16 of the California State Water Code.

This Ordinance has been approved as to form by County Counsel.

ENVIRONMENTAL DOCUMENTATION

These actions and the proposed Ordinance amending the Rules and Regulations of the Los Angeles County Waterworks Districts are to fund operating expenses and capital projects to maintain services in existing service areas and are, therefore, exempt from the California Environmental Quality Act pursuant to Section 21080(b)(8) of the Public Resources Code.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

None.

The Honorable Board of Supervisors
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CONCLUSION

Please return one adopted copy of this letter and the enclosed documentation to Public Works, Waterworks and Sewer Maintenance Division.

Respectfully submitted,

JAMES A. NOYES
Director of Public Works

MDR:ag
BDL2117

Enc.

cc: Chief Administrative Office
County Counsel

**LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 21, KAGEL CANYON
NOTICE OF PUBLIC HEARING
FOR A
PROPOSED WATER RATE INCREASE**

The Los Angeles County Board of Supervisors will hold a public hearing on _____, at 9:30 a.m., in the Hearing Room of the Board of Supervisors, Room 381, Kenneth Hahn Hall of Administration, 500 West Temple Street (corner of Temple Street and Grand Avenue), Los Angeles, California 90012, in the matter of adopting a water rate increase, an Emergency Facilities Repair Surcharge, and a Tank Recoating Charge.

The current water rates have been in effect since 1996. To fund subsequent increased costs to the District of water supply, energy, labor and materials, and reduced contingency funds due to emergency water system expenditures, it is necessary to increase these rates by two 9 percent increases, to be implemented over a two-year period. Based on current water usage levels, the proposed water rates would increase the average residential monthly water bill from \$39.21 to \$42.97 in Fiscal Year 2002-03 and to \$46.74 in Fiscal Year 2003-04. It is also proposed that an Emergency Facilities Repair Surcharge of \$15.00 per month per metered connection be authorized for a one-year period to provide funding for emergency water system repairs. A Tank Recoating Charge of \$8.40 per month per metered connection for a ten-year term is proposed to provide funds for required recoating of the District's two water storage reservoirs.

The Board of Supervisors will consider and may approve the water rate increases, Emergency Facilities Repair Surcharge, and Tank Recoating Charge as recommended by the Director of Public Works. For further information regarding this matter, please call (626) 300-3300.

That the Executive Officer of the Board of Supervisors shall cause notice of the public hearing, in the form and manner specified in Section 55503 of the Water Code, to be published once a week for two consecutive weeks in the Daily News, a newspaper published and circulated in the County of Los Angeles, which is hereby designated for that purpose, such publication to be completed not less than ten days prior to the date of said hearing.

Para mas informacion en relacion a esta noticia, favor de llamar al numero (626) 300-3302.
Nuestras horas de oficina son de 7:00 a.m. a 5:45 p.m., de lunes a jueves.

VIOLET VARONA-LUKENS
Executive Officer of the
Board of Supervisors of the
County of Los Angeles

By _____
Deputy